

STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

Royal Mortgage Inc.
D/B/A Landmark Financial Services

Enforcement Case No. 07-5175

License No.: FL-0838, SR-0206,
Respondent.

CONSENT ORDER REQUIRING COMPLIANCE
AND PAYMENT OF CIVIL FINES


Issued and Entered,
This 19th day of March, 2010,
By Stephen R. Hilker,
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Consent Order ("Stipulation"), incorporated herein by this reference, and the files and records of the Office of Financial and Insurance Regulation ("OFIR") in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("MAPA"), as amended, MCL 24.201 *et seq.*, the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the Secondary Mortgage Loan Act ("SMLA"), 1981 PA 125, as amended, MCL 493.51 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in the public interest.
4. All applicable provisions of MAPA have been met.

herein and has the authority to issue such further order(s) as he shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA and SMLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order may result in the commencement of additional proceedings.

IT IS SO ORDERED.



Stephen R. Hilker
Chief Deputy Commissioner

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STIPULATION TO ENTRY OF CONSENT ORDER
REQUIRING COMPLIANCE AND PAYMENT OF CIVIL FINES

Royal Mortgage Inc. D/B/A Landmark Financial Services ("Respondent") and the Office of Financial and Insurance Regulation ("OFIR") hereby stipulate and agree to the following:

1. OFIR staff conducted an on-site Examination of Respondent's books and records commencing on July 31, 2006, pursuant to Section 11(2)(c) of the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), MCL 445.1661(2)(c), and Section 6b(2)(b) of the Secondary Mortgage Loan Act ("SMLA"), MCL 493.56b(2)(b). The Examination concluded on August 4, 2006.
2. The Examination Report contained allegations that Respondent violated the MBLSLA and SMLA.
3. On or about August 20, 2007, Respondent exercised its right to dispute the allegations and demonstrate compliance with the MBLSLA 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the SMLA, 1981 PA 125, as amended, 493.51 *et seq.*, at an informal compliance conference held in the offices of OFIR and attended by Respondent and its counsel and representatives of OFIR.
4. Following the informal compliance conference OFIR and Respondent conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below.

5. The Commissioner of OFIR (“Commissioner”) has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the MAPA, MCL 24.201 *et seq.*, the MBLSLA, and the SMLA.

6. At all pertinent times, Respondent was licensed with OFIR as a mortgage broker and lender, pursuant to provisions of the MBLSLA.

7. On or about March 11, 2008, Respondent surrendered its first mortgage license. Pursuant to Section 10(1) of the MBLSLA, MCL 445.1660(1), the surrender of a license does not affect a proceeding to revoke a license.

8. At all pertinent times, Respondent was registered with OFIR as a mortgage broker and lender, pursuant to provisions of the SMLA.

9. On or about January 1, 2008, Respondent surrendered its secondary mortgage registration. Pursuant to Section 11(4) of the SMLA, MCL 493.61(4), the surrender of a registration does not affect a proceeding to revoke a registration.

10. Based upon the information obtained in the course of the examination and communications with Respondent, the following facts were alleged in the NOSC:

- a. Respondent or its employees or agents engaged in fraud, deceit, or material misrepresentation in connection with a single residential mortgage loan transaction governed by the MBLSLA.

Respondent is responsible for the fraudulent, deceitful and misrepresentative conduct of its employees or agents. The activity engaged in by Respondent’s employees or agents violated Section 22(b) of the MBLSLA. Therefore, Respondent is in violation of Section 22(b) of the MBLSLA, MCL 445.1672(b).

- b. Respondent paid independent contractors, leased employees, independent net branches, or unlicensed entities for regulated mortgage transactions, in violation of MCL 445.1652(4), MCL 493.52(6), and MCL 493.77(3).
- c. Respondent failed to properly calculate and report its net worth in accordance with generally accepted accounting principles and failed to maintain the required minimum net worth, in violation of MCL 445.1555.

- d. Respondent failed to preserve and maintain adequate books and records of its business to enable the commissioner to determine compliance with the MBLSLA, in violation of MCL 445.1671(1)-(2).
- e. Respondent failed to preserve and maintain adequate books and records of its business to enable the commissioner to determine compliance with the SMLA, in violation of MCL 493.67(1) and MCL 493.68(1).
- f. In violation of MCL 445.1672(a), Respondent:
 - i. Failed to properly provide to one applicant with a proper adverse action notice, in violation of Section 202.9(a)(2)(i) of the Board of Governors of The Federal Reserve System's (the "Board") Regulation B, implementing the Equal Credit Opportunity Act ("ECOA"), 12 CFR 202.14(a).
 - ii. Failed to provide ten applicants with the Consumer Caution and Home Ownership Counseling Notice and a list of HUD approved credit counseling agencies, as required by Section 7 of the Consumer Mortgage Protection Act, MCL 445.1637.
 - iii. Failed to provide all applicants with a clear and meaningful good faith estimate ("GFE") of the charges that they would likely incur, in violation of Section 3500.7 of the Department of Housing and Urban Development's ("HUD") Regulation X, implementing the Real Estate Settlement Procedures Act ("RESPA"), 24 CFR 3500.7.
 - iv. Improperly paid unearned fees to fifteen individuals or entities for providing loan origination services, in violation of Section 3500.14(c) of HUD's Regulation X, Implementing RESPA, 24 CFR 3500.14(c).
- g. Respondent charged at least eleven borrowers more than the actual cost incurred for their credit report, in violation of MCL 445.1673(1).
- h. Respondent failed to provide five secondary mortgage loan applicants with a timely GFE or Truth in Lending Disclosure as required by Section 3500.7(b) of HUD's Regulation X, Implementing RESPA, 24 CFR 3500.7(b) and

Section 226.19(a)(1) of the Board's Regulation Z, Implementing the Truth in Lending Act, 12 C.F.R. 226.19(a)(1), and in violation of MCL 493.75.

- i. Respondent failed to provide all applicants with a clear and meaningful GFE of the charges that they would likely incur, in violation of Section 3500.7 of HUD's Regulation X, implementing the RESPA, 24 CFR 3500.7, and in violation of MCL 493.75.

11. Respondent denies the allegations set forth in paragraph 10. Nonetheless, in the interest of resolving this matter without incurring additional litigation time and expense, and without admitting or denying any wrongdoing, Respondent has agreed to enter into this Stipulation and to the entry of the Consent Order, which shall resolve all violations alleged in the NOSC. Further, Respondent agrees to CEASE and DESIST from any and all of the violations alleged in paragraph 10.

12. Respondent agrees that it shall pay to OFIR, a civil fine in the amount of \$3,000.00. The civil fine shall be due and payable in one lump-sum payment on or before the expiration of the 180th day from the date of entry of the attached Consent Order. Respondent may pay the civil fine at any time before the 180th day, but such payment must be for the full amount.

If Respondent fails to pay the civil fine within 180 days, Respondent understands that OFIR may seek to enforce the attached order and collect the civil fine as provided for in MCL 445.1679(3), MCL 493.77(3), or otherwise. Further, if Respondent fails to pay the civil fine within 180 days, Respondent voluntarily agrees to consent to the entry of a final order revoking its license(s). In the event that Respondent fails to pay the civil fine within 180 days triggering the revocation of its license(s), Respondent voluntarily waives and relinquishes any right that it may now or hereafter have: (a) to an informal opportunity to show compliance, pursuant to MCL 24.292, or otherwise; (b) to receive a notice of intent to revoke its license(s), pursuant to MCL 445.1662 or MCL 493.61; (c) to an evidentiary hearing; (d) to obtain judicial review of this Order or any provision hereof, including, without limitation, any such right provided by MCL 24.301 or otherwise; and (e) to challenge or contest in any manner or matter the basis, issuance, validity, effectiveness, or enforceability of this Order or any provision hereof.

13. Respondent has represented, and submitted documentation in support thereof, that

it has made refunds, totaling \$127.50, to the borrowers referred to in paragraph 8.g., who were charged more than the actual expense for their credit report.

14. Respondent agrees that it will comply with all requirements of state and federal laws, as amended from time to time.

15. The procedural requirements of the MAPA, the MBLSLA, and the SMLA have been complied with in all respects by both parties.


16. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing.

17. The failure to abide by and fully comply with the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Commissioner, result in further administrative compliance actions.

18. The Commissioner has jurisdiction and authority under the provisions of the MAPA, the MBLSLA, and the SMLA to accept this Stipulation to the Entry of Consent Order and to issue a Consent Order resolving these proceedings.

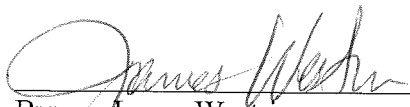
19. Respondent has had an opportunity to review this Stipulation and the accompanying Consent Order and have same reviewed by legal counsel.

ROYAL MORTGAGE, INC.
D/B/A/ LANDMARK FINANCIAL SERVICES


By: MICHAEL GORDON
Its: PRESIDENT

3-17-10
Dated

OFFICE OF FINANCIAL AND
INSURANCE REGULATION


By: James Westrin
Staff Attorney

3/19/2010
Dated